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December 11, 2002

Ms. Marlene Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

Re: ***Ex Parte* Presentation**  
WC Docket Nos. 02-202, 02-304, 02-317, 02-319 and 02-340.

Dear Ms. Dortch:

On behalf of Sprint Corporation, Richard Juhnke, Michael Fingerhut, Jeb Benedict and I met today with Jordan Goldstein, Senior Legal Advisor to Commissioner Michael J. Copps, to discuss the above-referenced matters.

During the meeting, Sprint reiterated its positions on the proposed security deposit tariff requirements and Verizon's Petition for Emergency Declaratory and Other Relief that Sprint has expressed in previous submissions in these dockets. Also, Sprint agreed with AT&T's criticisms, as set forth in AT&T's December 9, 2002 *Ex Parte* letter in WC Docket No. 02-202, of the advance payment proposal; and Sprint discussed its support for AT&T's alternative proposal with certain modifications, as presented in the attached *Ex Parte* letter being filed today in CC Docket No. 02-202.

In accordance with FCC rules, this letter is being filed electronically in the dockets identified above.

Sincerely,

Attachment

cc: Jordan Goldstein



**Richard Juhnke**  
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**By Electronic Filing**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW,  
Washington D.C. 20554

**Re: *Ex Parte* Presentation: In the Matter of Verizon Petition for Emergency  
Declaratory and Other Relief, WC Docket No. 02-202**

Dear Ms. Dortch:

In an *ex parte* letter submitted December 9, 2002 in the above-referenced docket, AT&T reiterated the fact that the authority sought by Verizon and other major incumbent LECs (with the exception of Sprint) to be able to revise their Commission-prescribed tariff provisions relating to security deposits is unjustified and unjustifiable. Sprint strongly agrees. There has been absolutely no evidence submitted in this proceeding -- or for that matter, in the on-going tariff investigations in WC Dockets 02-304, 02-317, 02-319 and 02-340 -- that would warrant any revisions to these long-standing provisions.

Sprint also fully shares the concerns expressed in AT&T's letter regarding a proposal apparently being considered by the Commission in the context of this proceeding that would authorize the RBOCs and other incumbent LECs "to bill in advance *all* access customers, regardless of the risks of nonpayment, for any switched access services...." AT&T *Ex Parte* Letter at 1. Sprint agrees with AT&T's position that the advance payment proposal is "unlawful, unreasonable and extremely harmful to the industry and to consumers." *Id.* As AT&T explains, the proposal is "overbroad," would encompass carriers with "impeccable payment records," is "unresponsive to the alleged problem," would "create a substantial 'mismatch' between expense and revenues for interexchange carriers," would provide a vehicle for the RBOCs to disadvantage their financially healthy IXC competitors by raising their costs of obtaining switched access services, and would require massive and complicated changes in the access billing and verification systems of carriers. *Id.* at 1-3. Clearly, this proposal is misconceived. Should it be adopted, however, the Commission, in fairness to the IXCs, should make clear that this major change in access billing requirements constitutes a substantial change in

circumstances that would warrant IXCs to make corresponding changes in their billing practices, including billing customers that are under long-term contracts.

AT&T's alternative proposal, under which the ILECs would be allowed to impose security deposits if an access customer fails to pay "10% or more of the undisputed amount of a monthly bill for any two months in the most recent 12 month period," *id.* at 3, is superior to both the tariff revisions under investigation and the advance billing of switched access charges, but still could give ILECs too much leeway in certain circumstances. Specifically, there are occasions when an ILEC has not sent a bill to an IXC but claims it has done so; in such circumstances, the IXC would appear not to have paid an invoice when it in fact had no intention of withholding payment. In addition, there are circumstances when an IXC discovers overcharges in past bills it has already paid, and withholds amounts from the current bill to offset those past (and at the time undisputed) charges. These two issues could be addressed by modifying AT&T's proposal as follows: "an ILEC could seek a deposit if a customer fails to pay a significant part (specifically, 10% or more is left unpaid) in total of the undisputed amounts of all of the monthly bills for any two months during the most recent 12 month period; *provided that* disputes may include amounts that are retroactive to prior billing periods when incorrectly billed services are not discovered until a later invoice." In addition to this modification, there should be explicit requirements that the ILECs periodically review the status of customers from whom deposits have been required, and criteria for determining when a refund of the deposit (including interest) is appropriate (*e.g.*, if a customer has met the above condition for twelve consecutive months, the deposit must be returned).

Respectfully submitted,



c: Matthew Brill  
Jordan Goldstein  
Sam Feder  
Christopher Libertelli  
Lisa Zaina  
Jeffrey Carlisle  
Tamara Preiss  
Kathleen O'Neill  
Andrew Multz  
Julie Saulnier  
Michael J. Hunseder